

**Supporting Statement for
Financial Statements filed by Bank Holding Companies
(FR Y-9C, FR Y-9LP, FR Y-9SP, FR Y-9CS and FR Y-9ES; OMB No. 7100-0128),
Financial Statements of U.S. Nonbank Subsidiaries of U.S. Bank Holding Companies
(FR Y-11, FR Y-11S; OMB No. 7100-0244), and
Financial Statements of Foreign Subsidiaries of U.S. Banking Organizations
(FR 2314, FR 2314S; OMB No. 7100-0073)**

Summary

The Board of Governors of the Federal Reserve System, under delegated authority from the Office of Management and Budget (OMB), proposes to extend for three years, with revision, the following mandatory reports, for implementation in 2005:

- the Consolidated Financial Statements for Bank Holding Companies (FR Y-9C; OMB No. 7100-0128),
- the Parent Company Only Financial Statements for Small Bank Holding Companies (FR Y-9SP; OMB No. 7100-0128),
- the Financial Statements of U.S. Nonbank Subsidiaries of U.S. Bank Holding Companies (FR Y-11; OMB No. 7100-0244), and
- the Financial Statements of Foreign Subsidiaries of U.S. Banking Organizations (FR 2314; OMB No. 7100-0073).

In addition, the Board proposes to extend for three years, without revision, the following mandatory reports:

- the Parent Company Only Financial Statements for Large Bank Holding Companies (FR Y-9LP; OMB No. 7100-0128),
- the Financial Statements for Employee Stock Ownership Plan Bank Holding Companies (FR Y-9ES; OMB No. 7100-0128),
- the Supplement to the Consolidated Financial Statements for Bank Holding Companies (FR Y-9CS; OMB No. 7100-0128),
- the Abbreviated Financial Statements of U.S. Nonbank Subsidiaries of U.S. Bank Holding Companies (FR Y-11S; OMB No. 7100-0244), and
- the Abbreviated Financial Statements of Foreign Subsidiaries of U.S. Banking Organizations (FR 2314S; OMB No. 7100-0073).

Pursuant to the Bank Holding Company Act of 1956, as amended, the Federal Reserve requires bank holding companies (BHCs) to provide standardized financial statements to fulfill the Federal Reserve's statutory obligation to supervise these organizations. BHCs file the FR Y-9C and FR Y-9LP quarterly, the FR Y-9SP semiannually, the FR Y-9ES annually, and the FR Y-9CS on a schedule that is determined when the supplement is used. BHCs file the FR Y-11 on a quarterly or annual basis and file the FR Y-11S annually according to the filing criteria. Parent organizations (BHCs, state member banks, or Edge and agreement corporations) file the FR 2314 on a quarterly or annual basis and file the FR 2314S annually based on the size of the respondent.

The Federal Reserve proposes to modify information collected on the FR Y-9C and FR Y-9SP to: identify private equity merchant banking activity, identify firms providing auditing services to the BHC, add an item for subordinated notes payable to trusts issuing trust preferred securities to the FR Y-9C balance sheet, and add a memoranda item for nonvoting equity capital to the FR Y-9SP. The Federal Reserve proposes to revise the FR Y-11 and FR 2314 reporting instructions with respect to balances due from related organizations.

Copies of the proposed reporting forms, marked to show the revisions, are provided in the attachment. The total current annual burden for the FR Y-9 family of reports is estimated to be 388,872 hours. The reporting burden is estimated to increase by 10,320 hours under the proposed revisions. The total current annual burden for the FR Y-11 and FR 2314 reports is estimated to be 36,732 hours and is estimated not to change for the proposed minor instructional revisions.

Background and Justification

The FR Y-9 reports (FR Y-9C, FR Y-9LP, and FR Y-9SP) are standardized financial statements for the consolidated BHC and its parent. The FR Y-9ES is a financial statement filed by BHCs that are Employee Stock Ownership Plans (ESOPs). The Federal Reserve also has the authority to use the FR Y-9CS, a free form supplement, to collect any additional information deemed to be critical and needed in an expedited manner. The FR Y-9 reports historically have been, and continue to be, the primary source of financial information on BHCs between on-site inspections. Financial information from these reports is used to detect emerging financial problems, to review performance and conduct pre-inspection analysis, to monitor and evaluate capital adequacy, to evaluate BHC mergers and acquisitions, and to analyze a BHC's overall financial condition to ensure safe and sound operations.

The FR Y-11 and FR Y-11S reports collect financial information for individual U.S. nonbank subsidiaries of domestic BHCs. These reports are essential for monitoring their potential impact on the BHC or its subsidiary banks' condition. Consolidated and parent company only reports do not reveal the extent of the problems that may exist within the nonbank subsidiaries because the size and operations of bank subsidiaries can mask the operations of nonbank subsidiaries in a consolidated report.

In addition to providing information used in the supervision of BHCs, the FR Y-9 and FR Y-11 series of reports provide essential information to assist the Federal Reserve in the formulation of regulations and supervisory policies. The data are also used by the Federal Reserve to respond to requests from Congress and the public for information on BHCs.

The FR 2314 is the only source of comprehensive and systematic data on the assets, liabilities, and earnings of bank and nonbank subsidiaries of U.S. banking organizations located outside the United States. The data are used to monitor the growth, profitability, and activities of these foreign companies. The data help the Federal Reserve identify present and potential problems of these companies, monitor their activities in specific countries, and develop a better understanding of activities within the industry and within specific institutions. This information, coupled with information from the Foreign Branch Reports of Condition (FFIEC 030; OMB No. 7100-0071), provides a picture of the breadth and scope of international banking operations for U.S. banking

organizations both individually and in the aggregate.

Description of the Information Collection

FR Y-9C

The FR Y-9C collects basic financial data from a domestic BHC on a consolidated basis in the form of a balance sheet, an income statement, and detailed supporting schedules, including a schedule of off-balance-sheet items, similar to the Call Report filed by commercial banks. The FR Y-9C collects data from the BHC quarterly as of the end of March, June, September, and December. The FR Y-9C is filed by top-tier BHCs with total consolidated assets of \$150 million or more¹ and lower-tier BHCs that have total consolidated assets of \$1 billion or more. In addition, multibank holding companies with total consolidated assets of less than \$150 million with debt outstanding to the general public or engaged in certain nonbank activities must file the FR Y-9C.

The Federal Reserve proposes to make the following revisions to the FR Y-9C, effective as of March 31, 2005. Implementation of the proposed revisions to Schedule HC-M would be concurrent with the proposed changes to the Consolidated Bank Holding Company Report of Equity Investments in Nonfinancial Companies (FR Y-12; OMB No. 7100-0300), currently scheduled for March 31, 2005.

Accelerated Filing Deadline. On April 1, 2003, the Federal Reserve announced the implementation of an accelerated filing deadline for top-tier BHCs filing the FR Y-9C, consistent with the Security and Exchange Commission's (SEC's) phased-in approach for accelerated filings. Effective June 2004, top-tier BHCs are required to file their FR Y-9C within 40 days of the June 2004, September 2004, and March 2005 reporting dates; however, the December reporting date remains at 45 days. Effective June 2005 top-tier BHCs are required to accelerate their FR Y-9C filing to 35 days, defined as 30 calendar days plus 5 business days, after the reporting date and each quarter thereafter, except for the December reporting date.

Proposed Revisions to the Accelerated Filing Deadline. The SEC announced on August 26, 2004, a proposal to postpone, for one year, the final phase-in period for acceleration of report deadlines for certain larger companies. The SEC has proposed this change to allow additional time and opportunity for accelerated filers and their auditors to focus on the new requirements regarding internal control over financial reporting mandated by Section 404 of the Sarbanes-Oxley Act. In keeping with the SEC's proposed postponement, the Federal Reserve proposes to postpone for one year the accelerated filing deadline for quarterly reporting for top-tier BHCs to 35 days until the June 2006 reporting date. The 35-day filing deadline would be effective for each quarter thereafter, except for the December reporting date, which would remain at 45 days.

¹ Under certain circumstances defined in the General Instructions, BHCs under \$150 million may be required to file the FR Y-9C.

Schedule HC – Balance Sheet

- (1) The Federal Reserve proposes to add a new item 19.b, “Subordinated notes payable to trusts issuing trust preferred securities,” and renumber current item 19, “Subordinated notes and debentures” as item 19.a. Information on subordinated notes payable to trusts issuing trust preferred securities (TPS) would no longer be included in Schedule HC, item 20, “Other liabilities.” In addition, TPS would no longer be reported in Schedule HC-R, memoranda item 3.d, “Other cumulative preferred stock eligible for inclusion in Tier 1 capital (e.g., trust preferred securities) (included in Schedule HC, item 20 or 22).” The caption for memoranda item 3.d would be modified to remove the reference to TPS.

Currently, the amount of TPS eligible for inclusion in Tier 1 capital is included in Schedule HC-R, memoranda item 3.d, “Other cumulative preferred stock eligible for inclusion in Tier 1 capital,” along with any other hybrid instruments that are eligible for inclusion in Tier 1 capital. In addition, TPS are included in Schedule HC, item 20, on the balance sheet. The Federal Reserve proposes to move the reporting of TPS directly to the balance sheet as a separate line item and to exclude TPS as part of Schedule HC, item 20 and as part of Schedule HC-R, memoranda item 3.d. Therefore memoranda item 3.d would only collect information on the amount of any other hybrid securities (other than TPS) that are eligible for inclusion in Tier 1 capital and reported in “Other liabilities” or as minority interest on the balance sheet. This change does not represent any change to the risk-based capital treatment for trust preferred securities. BHCs should continue to include the allowable amount of eligible TPS in their tier 1 capital for regulatory purposes.

The proper reporting classification (debt or equity) of TPS has been under debate and scrutiny during the past several years. In the last two years, the Financial Accounting Standards Board (FASB) has ruled that trust preferred securities should be reported as liabilities on the balance sheet. In March 2004, BHCs were instructed to include TPS in “Other liabilities.” Subsequently, the Federal Reserve decided that the reporting of TPS separately on the balance sheet would be consistent with how TPS are presented in other BHC public financial statements. The Federal Reserve believes it is more appropriate to report these instruments in a separate line item than to require them to be reported with many other items in “Other liabilities.” The proposed revisions would allow the Federal Reserve to continue to measure and monitor all TPS issued out of special purpose entities.

- (2) The Federal Reserve proposes to add a new memoranda item 1 to collect the name and address of the BHC’s external auditing firm and the name and email address of the engagement partner. The item would be collected initially in the March 31, 2005, report and then annually as of December 31.

This information would identify firms providing full-scope auditing services to top-tier BHCs in which an opinion is rendered on their financial statements. BHCs that do not have a full-scope audit conducted of their financial statements would not need to complete this item. This information would be used by the Federal Reserve to facilitate more efficient supervision of the banking industry on issues related to accounting and auditing. The information would also enable the Federal Reserve to more readily identify firms that may be interested in participating in regional CPA and examiner roundtable discussions and similar programs designed to improve

communication between the accounting profession and the regulatory community. The name and email address of the engagement partner would be considered confidential, consistent with the treatment given to other contact information provided on the FR Y-9C.

Schedule HC-M—Memoranda

The Federal Reserve proposes to modify or delete items used to determine if the reporting bank holding company must complete the FR Y-12 and add items to identify private equity merchant banking (PEMB) activity by institutions exempt from filing the FR Y-12.

- (1) Modify item 17, “Do your aggregate nonfinancial equity investments equal or exceed the lesser of \$200 million (on an acquisition cost basis) or 5 percent of the BHC’s consolidated Tier 1 capital as of the report date?” to decrease the aggregate nonfinancial equity investments threshold from \$200 million to \$100 million and increase the consolidated Tier 1 capital threshold from 5 percent to 10 percent. The current reporting criterion tends to require information to be reported by the very largest and the very smallest PEMB investors, but fails to identify mid-level participants. The reduction in the dollar threshold should lead to retrieving information from midsize participants, broadening the scope of monitoring PEMB activity. The proposed increase in the Tier 1 capital threshold would reduce burden for respondents, while continuing to screen for the smaller BHCs with a significant concentration of capital invested in this asset class. The Federal Reserve notes that there is limited usefulness in collecting detailed information on this type of activity from small BHCs with a minor concentration of capital invested in this asset class. This item would be renumbered as item 18.
- (2) Delete item 18, “Has the bank holding company made an effective election to become a financial holding company?” This information is readily available on the National Information Center database.
- (3) Add new item 19(a), “Has the bank holding company sold or otherwise liquidated its holding of any nonfinancial equity investment since the previous reporting period?” This information would be used as a measure to track PEMB transaction activity, including activity by BHCs that are not required to file the FR Y-12. This indicator would alert the Federal Reserve to the BHC’s heightened risk profile in this activity and could lead to increased supervisory scrutiny.
- (4) Modify item 19, “Does the bank holding company hold, directly or indirectly, an Edge corporation, Agreement corporation or Small Business Investment Company (SBIC) subsidiary or hold equities under section 4(c)(6) or 4(c)(7) of the Bank Holding Company Act?” to clarify the legal authority by restating the question as “Does the bank holding company hold, either directly or indirectly through a subsidiary or affiliate, any nonfinancial equity investments (see instructions for definition) within a Small Business Investment Company (SBIC) structure, or under section 4(c)(6) or 4(c)(7) of the Bank Holding Company Act, or pursuant to the merchant banking authority of section 4(k)(4)(H) of the Bank Holding Company Act, or pursuant to the investment authority granted by Regulation K?” This item would be renumbered as item 17.
- (5) Add new item 19(b), “Does the bank holding company manage any nonfinancial equity investments for the benefit of others?” This information would be used to identify PEMB participants, including participants that are not required to file the FR Y-12, and would

provide a measure of the assumed additional legal and reputational risk associated with managing these investments for others.

Proposed items 17 and 18 would be used to determine if the reporting BHC must complete the FR Y-12. If the answer to item 17 is no, then the BHC does not need to complete the FR Y-12 and can skip item 18. If the answer to item 17 is yes and the answer to item 18 is no, then the BHC does not need to complete the FR Y-12. If the answer to both item 17 and item 18 is yes, then the BHC must complete the FR Y-12 report. All respondents that are not required to file the FR Y-12 must complete items 19(a) and 19(b).

The changes to Schedule HC-M are intended to dovetail with changes to information collected on the FR Y-12 regarding the supervision of merchant banking investments.

Instructions

In addition to modifying instructions to incorporate the proposed reporting changes, instructions would be revised and clarified in an attempt to achieve greater consistency in reporting by respondents.

FR Y-9LP

The FR Y-9LP collects basic financial data from domestic bank holding companies on an unconsolidated, parent-only basis in the form of a balance sheet, an income statement, and supporting schedules relating to investments, cash flow, and certain memoranda items. This report is filed quarterly as of the end of March, June, September, and December on a parent company only basis by each BHC that files the FR Y-9C. In addition, for tiered BHCs, a separate FR Y-9LP must be filed for each lower-tier BHC.

FR Y-9SP

The FR Y-9SP is a parent company only financial statement filed by smaller BHCs as of the end of June and December. Respondents include one-bank holding companies with total consolidated assets of less than \$150 million and multibank holding companies with total consolidated assets of less than \$150 million that meet certain other criteria. This form is a simplified or abbreviated version of the more extensive parent company only financial statement for large BHCs (FR Y-9LP). This report collects basic balance sheet and income information for the parent company, information on intangible assets, and information on intercompany transactions.

The Federal Reserve proposes to make the following changes to the FR Y-9SP, effective as of June 30, 2005. Implementation of the proposed revisions to Schedule SC-M would be concurrent with the proposed changes to the FR Y-12, effective March 31, 2005.

Schedule SC—Balance Sheet

The Federal Reserve proposes to add a new memoranda item 1 to collect the name and address of the BHC's external auditing firm and the name and email address of the engagement

partner. The item would be collected initially in the June 30, 2005, report and then annually as of December 31. This information would identify firms providing full-scope auditing services to top-tier BHCs in which an opinion is rendered on the financial statements. BHCs that do not have a full-scope audit conducted of their financial statements would not need to complete this item. This information would be used by the Federal Reserve to facilitate more efficient supervision of the banking industry on issues related to accounting and auditing. The information would also enable the Federal Reserve to more readily identify firms that may be interested in participating in regional CPA and examiner roundtable discussions and similar programs designed to improve communication between the accounting profession and the regulatory community. The name and email address of the engagement partner would be considered confidential, consistent with the treatment given to other contact information provided on the FR Y-9SP.

Schedule SC-M—Memoranda

Private Equity Merchant Banking - The Federal Reserve proposes to modify or delete items used to determine if the reporting bank holding company must complete the FR Y-12 and add items to identify private equity merchant banking (PEMB) activity by institutions exempt from filing the FR Y-12.

- (1) Modify item 18, “Do your aggregate nonfinancial equity investments equal or exceed (on an acquisition cost basis) 5 percent of the BHC’s total capital as of the report date?” to increase the total capital threshold from 5 percent to 10 percent. The proposed increase in the total capital threshold would reduce burden for respondents, while continuing to screen for the smaller BHCs with a significant concentration of capital invested in this asset class. The Federal Reserve notes that there is limited usefulness in collecting detailed information on this type of activity from small BHCs with a minor concentration of capital invested in this asset class. This item would be renumbered as item 19.
- (2) Delete item 19, “Has the bank holding company made an effective election to become a financial holding company?” This information is readily available on the National Information Center database.
- (3) Add new item 20(a), “Has the bank holding company sold or otherwise liquidated its holding of any nonfinancial equity investment since the previous reporting period?” This information would be used as a measure to track PEMB transaction activity, including activity by BHCs that are not required to file the FR Y-12. This indicator would alert the Federal Reserve to the BHC’s heightened risk profile in this activity and could lead to increased supervisory scrutiny.
- (4) Modify item 20, “Does the bank holding company hold, directly or indirectly, an Edge corporation, Agreement corporation or Small Business Investment Company (SBIC) subsidiary or hold equities under section 4(c)(6) or 4(c)(7) of the Bank Holding Company Act?” to clarify the legal authority by restating the question as “Does the bank holding company hold, either directly or indirectly through a subsidiary or affiliate, any nonfinancial equity investments (see instructions for definition) within a Small Business Investment Company (SBIC) structure, or under section 4(c)(6) or 4(c)(7) of the Bank Holding Company Act, or pursuant to the merchant banking authority of section 4(k)(4)(H) of the Bank Holding Company Act, or pursuant to the investment authority granted by Regulation K?” This item would be renumbered as item 18.

- (5) Add new item 20(b), “Does the bank holding company manage any nonfinancial equity investments for the benefit of others?” This information would be used to identify PEMB participants, including participants that are not required to file the FR Y-12, and would provide a measure of the assumed additional legal and reputational risk associated with managing these investments for others.

Proposed items 18 and 19 would be used to determine if the reporting BHC must complete the FR Y-12. If the answer to item 18 is no, then the BHC does not need to complete the FR Y-12 and can skip item 19. If the answer to item 18 is yes and the answer to item 19 is no, then the BHC does not need to complete the FR Y-12. If the answer to both item 18 and item 19 is yes, then the BHC must complete the FR Y-12 report. All respondents that are not required to file the FR Y-12 must complete items 20(a) and 20(b).

The changes to Schedule SC-M are intended to dovetail with changes to information collected on the FR Y-12 regarding the supervision of merchant banking investments.

Nonvoting Equity Capital - The Federal Reserve proposes to add a new item 4, “Amount of nonvoting equity capital, including related surplus (included in balance sheet items 16.a, 16.b, 16.c, and 16.d).” This item would include the amount of retained earnings and accumulated other comprehensive income that is associated with perpetual preferred and other stock which does not possess voting rights.

Collecting nonvoting equity information would enable examiners and analysts to more readily evaluate the adequacy of the quality of capital in BHCs and to assess the significance of any changes that occur in the quality of capital in the organization. This additional detail has become necessary as the Federal Reserve’s supervision function performs more off-site monitoring of BHCs in lieu of inspections or other on-site supervision. This information would facilitate monitoring the proportion of nonvoting and voting stock of a BHC as it approaches the threshold for filing the FR Y-9C, and becomes subject to the consolidated Capital Adequacy Guidelines.

Instructions

In addition to modifying instructions to incorporate the proposed reporting changes, instructions would be revised and clarified in an attempt to achieve greater consistency in reporting by respondents.

FR Y-9ES

The FR Y-9ES collects financial information from employee stock ownership plans (ESOPs) that are also BHCs on their benefit plan activities annually as of December 31. It consists of four schedules: Statement of Changes in Net Assets Available for Benefits, Statement of Net Assets Available for Benefits, Memoranda, and Notes to the Financial Statements. No revisions are proposed to the FR Y-9ES.

FR Y-11 and FR Y-11S

The FR Y-11 and FR Y-11S collect financial information for individual U.S. nonbank subsidiaries of BHCs located in the United States. The FR Y-11 consists of a balance sheet and income statement; information on changes in equity capital, changes in the allowance for loan and lease losses, off-balance-sheet items, and loans; and a memoranda section. The FR Y-11 is filed quarterly, as of the last calendar day of March, June, September, and December, by top-tier BHCs for each individual nonbank subsidiary that is owned or controlled by a BHC with total consolidated assets of \$150 million or more if the nonbank subsidiary has (a) total assets of \$1 billion or more, or (b) total off-balance-sheet activity of at least \$5 billion, or (c) operating revenue of at least 5 percent of the top-tier BHC's consolidated operating revenue, or (d) equity capital of at least 5 percent of the top-tier BHC's consolidated equity capital. The FR Y-11 is filed annually, as of December 31, for each individual nonbank subsidiary (that does not meet the criteria for filing quarterly) with total assets of \$250 million, but less than \$1 billion. The FR Y-11S is an abbreviated form that comprises four data items: net income, total assets, equity capital, and total off-balance-sheet items. The FR Y-11S is filed annually, as of December 31, by top-tier BHCs for each individual nonbank subsidiary (that does not meet the criteria for filing the FR Y-11 quarterly) with assets of at least \$50 million but less than \$250 million, or with total assets greater than 1 percent of the total consolidated assets of the top-tier organization. The Federal Reserve uses the FR Y-11 and FR Y-11S data in conjunction with data from other BHC reports to assess the condition of BHCs that are heavily engaged in nonbanking activities and to monitor the volume, nature, and condition of their nonbanking operations.

To insure consistent reporting of unconsolidated subsidiaries the Federal Reserve proposes to make the following revisions to the FR Y-11, effective as of March 31, 2005.

Schedule BS—Balance Sheet

- (1) Revise item 7, “All other assets,” to exclude investments in unconsolidated subsidiaries and associated companies and clarify that only investment in nonrelated companies should be included in this item.
- (2) Revise item 9, “Balances due from related organizations,” to include the amount of the subsidiary's investments in unconsolidated subsidiaries and associated companies and the balances due from the subsidiaries of the reporting nonbank subsidiary.

Schedule BS-M—Memoranda

- (1) Modify item 4, “Investments in other companies,” to indicate that the amount of the subsidiary's investment in the stock of unconsolidated subsidiaries included in BS, item 9, “Balances due from related organizations,” should be reported in this item.
- (2) Modify item 8(c), “Balances due from other nonbank subsidiaries of the bank holding company, gross,” to indicate that the balances due from the subsidiaries of the reporting nonbank subsidiary should be included in this item.

FR 2314 and FR 2314S

Each Foreign subsidiary of U.S. state member banks (SMBs), Edge and agreement

corporations, and BHCs files the FR 2314 report quarterly, as of the last calendar day of March, June, September, and December, if it is owned or controlled by a U.S. parent BHC with total consolidated assets of \$150 million or more, a SMB, or an Edge or agreement corporation and if the subsidiary has (a) total assets of \$1 billion or more, or (b) total off-balance-sheet activity of at least \$5 billion, or (c) operating revenue of at least 5 percent of the top-tier organization's consolidated operating revenue, or (d) equity capital of at least 5 percent of the top-tier organization's consolidated equity capital. The FR 2314 is filed annually for each individual nonbank subsidiary (that does not meet the criteria for filing FR 2314 quarterly) with total assets of \$250 million, but less than \$1 billion. The FR 2314S is an abbreviated form that comprises four data items: net income, total assets, equity capital, and total off-balance sheet items. The FR 2314S is filed annually, as of December 31, for each individual nonbank subsidiary (that does not meet the criteria for filing the FR 2314 quarterly) with assets of at least \$50 million but less than \$250 million, or with total assets greater than 1 percent of the total consolidated assets of the top-tier organization. The data are used to identify current and potential problems at the foreign subsidiaries of U.S. parent companies, to monitor the activities of U.S. banking organizations in specific countries, and to develop a better understanding of activities within the industry, in general, and of individual institutions, in particular. The FR 2314 is the only source of comprehensive and systematic data on the assets, liabilities, and earnings of the foreign bank and nonbank subsidiaries of U.S. SMBs, BHCs, and Edge and agreement corporations.

To insure consistent reporting of unconsolidated subsidiaries the Federal Reserve proposes to make the following minor revisions to the FR 2314, effective as of March 31, 2005.

Schedule BS—Balance Sheet

- (1) Revise item 7, "All other assets," to exclude investments in unconsolidated subsidiaries and associated companies and clarify that only investment in nonrelated companies should be included in this item.
- (2) Revise item 9, "Balances due from related organizations," to include the amount of the subsidiary's investments in unconsolidated subsidiaries and associated companies and the balances due from the subsidiaries of the reporting nonbank subsidiary.

Reporting Panel

There are no changes proposed to the reporting thresholds of these reports. The current panel meets the supervisory needs of the Federal Reserve. In December 2002, the FR Y-11 and FR 2314 panels were significantly reduced, due to an increase in the reporting thresholds criteria for quarterly and annual filers and the elimination of the requirement for filing by the smallest subsidiaries and functionally regulated entities.

Frequency

There are no changes proposed to the reporting frequency of these reports. The current reporting frequencies provide adequate timely data to meet the analytical and supervisory needs of the Federal Reserve.

Time Schedule for Information Collection

The FR Y-9C and FR Y-9LP are reported quarterly as of the end of March, June, September, and December. The FR Y-9SP is reported semiannually as of the end of June and December. The following table lists the current and proposed FR Y-9C filing deadlines to the appropriate Federal Reserve Bank through June 2006.

FR Y-9C Report Date	Current filing schedule for top-tier FR Y-9C <i>after report date</i>	Proposed filing schedule for top-tier FR Y-9C <i>after report date</i>	filing schedule for all other FR Y-9C filers <i>after report date</i>
March 31, 2005	40 calendar days	40 calendar days	45 calendar days
June 30, 2005	35 calendar days	40 calendar days	45 calendar days
September 30, 2005	35 calendar days	40 calendar days	45 calendar days
December 31, 2005	45 calendar days	45 calendar days	45 calendar days
March 31, 2006	35 calendar days	40 calendar days	45 calendar days
June 30, 2006	35 calendar days	35 calendar days	45 calendar days

Under the proposed revisions, the filing deadline of thirty-five days after the report date for top-tier FR Y-9C respondents would begin with the June 30, 2006, report date for all quarterly reports other than the December 31 report date. For the December 31 report date, top-tier BHCs would continue to submit the FR Y-9C within forty-five days after the report date.

The FR Y-9SP report must be submitted within forty-five calendar days after the report date. The annual FR Y-9ES is collected as of December 31 and submitted to the Federal Reserve Banks by July 31, unless an extension is granted for filing by October 15.

The FR Y-11 and FR 2314 reports are submitted within sixty days after the report date. Meeting the thresholds for filing quarterly is self determined by the respondent and ascertained as of the reporting date. The FR Y-11S and FR 2314S are also submitted within sixty days after the report date.

The data from the FR Y-9 reports that are not given confidential treatment are available to the public on the FFIEC website (www.ffiec.gov/nic) and through the National Technical Information Service (NTIS). The data from the FR Y-11 and FR 2314 reports that are not given confidential treatment are available to the public, but are not published routinely.

Legal Status

The Board's Legal Division has determined that the FR Y-9 and FR Y-11 reports are authorized by Section 5(c) of the Bank Holding Company Act [12 U.S.C. 1844(c)]. The Board's Legal Division has previously determined that the FR 2314 reports are authorized under 12 U.S.C. §§ 324, 602, 625, and 1844(c).

Overall, the Board does not consider the data in these reports to be confidential. However, a respondent may request confidential treatment pursuant to sections (b)(4), (b)(6) and (b)(8) of the Freedom of Information Act [5 U.S.C. §§ 522(b)(4), (b)(6) and (b)(8)].

Consultation Outside the Agency

There has been no consultation outside the Federal Reserve System.

Sensitive Questions

This collection of information contains no questions of a sensitive nature, as defined by OMB guidelines.

Estimates of Respondent Burden

The current estimated annual reporting burden for the FR Y-9 reports is 388,872 hours and would increase approximately 10,320 hours to 399,192 hours, as shown in the following table. This increase in the average response time for FR Y-9C and FR Y-9SP filers would result from adding proposed items related to private equity merchant banking activity, firms providing auditing services to the BHC, subordinated notes payable to trusts issuing trust preferred securities, and nonvoting equity capital. The total burden for the FR Y-9 represents less than 9 percent of total Federal Reserve System annual burden.

The current estimated annual reporting burden for the FR Y-11 is 31,877 hours. The current estimated annual reporting burden for the FR 2314 is 4,855 hours. The respondent burden for both of these reports would not be affected by the proposed changes and represents less than 1 percent of total Federal Reserve System annual burden.

	<i>Number of Respondents</i>	<i>Annual Frequency</i>	<i>Estimated Average Hours Per Response</i>	<i>Estimated Annual Burden Hours</i>
<i>Current</i>				
FR Y-9C	2,240	4	34.80	311,808
FR Y-9LP	2,590	4	4.75	49,210
FR Y-9SP	3,253	2	4.09	26,610
FR Y-9ES	87	1	0.50	44
FR Y-9CS	600	4	0.50	1,200

<i>Total</i>				388,872
<i>Proposed</i>				
FR Y-9C	2,240	4	35.40	317,184
FR Y-9LP	2,590	4	4.75	49,210
FR Y-9SP	3,253	2	4.85	31,554
FR Y-9ES	87	1	0.50	44
FR Y-9CS	600	4	0.50	1,200
<i>Total</i>				399,192
<i>Change</i>				10,320
<i>Current and proposed</i>				
FR Y-11 (<i>quarterly</i>)	1,246	4	6.0	29,904
FR Y-11 (<i>annual</i>)	218	1	6.0	1,308
FR Y-11S	665	1	1.0	665
<i>Total</i>				31,877
<i>Current and proposed</i>				
FR 2314 (<i>quarterly</i>)	156	4	6.0	3,744
FR 2314 (<i>annual</i>)	143	1	6.0	858
FR 2314S	253	1	1.0	253
<i>Total</i>				4,855

Based on an average hourly cost of \$20, the estimated annual cost to the public for the FR Y-9, FR Y-11, and FR 2314 would increase from \$8,512,080 to \$8,718,480, less than a 3 percent increase.

Estimate of Cost to the Federal Reserve System

The cost to the Federal Reserve System for collecting and processing the FR Y-9 is estimated to be \$1,629,658 annually. The cost to the Federal Reserve System for collecting and processing the FR Y-11 is estimated to be \$453,107 annually. The cost to the Federal Reserve System for collecting and processing the FR 2314 is estimated to be \$48,800 annually.